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United States Mission to the OSCE

Response to the Financial Report and Financial Statements for 2021 and the Report of the External Auditor, the Annual Report of the Audit Committee

As delivered by Ambassador Michael Carpenter
to the Permanent Council, Vienna
July 28, 2022

Thank you to our presenters today. Mr. Camoin and Mr. Eidet, welcome back to the Permanent Council. You have provided us with a picture into the fidelity of this organization to its founding goals, through your innovative and insightful reporting.

Mr. Camoin, thank you for your ongoing efforts to support the financial health of the OSCE amidst significant external factors which are affecting the organization.

We support your unqualified opinion of the OSCE's financial statements for the financial year ending 2021 and take note of your recommendations for improvements. We appreciate your thorough assessment of the OSCE's Walkthrough process as a form of internal audit control and call on OSCE leadership to take seriously the External Auditor's recommendation on how to strengthen and standardize the existing practice.

We took note of your comments on the Special Monitoring Mission to Ukraine and in particular how its closure will affect the financial picture of the organization for 2022. We continue to fully support Acting Chief Monitor Antje Grawe and the Secretary General's efforts to take necessary measures to responsibly close what was the OSCE's largest and most complex mission.

Thank you also, Mr. Eidet, for the Audit Committee's continued engagement with the OSCE. You have laid bare again this year the results of not passing a budget, and the problems this organization faces when forced to advance OSCE commitments and respective mandates on monthly allotments. As the Audit Committee reported, this practice undermines the

organization's overall credibility and ability to commit resources in a planned manner. At the bare minimum, participating States need to seriously consider the Audit Committee's recommendation to adjust the OSCE's financial regulations to provide executive structures with quarterly provisional allotments, providing an improved ability to plan in the event the Unified Budget is not adopted.

Although there are efficiency measures this organization has adopted that can be carried forward, we cannot maintain our current level of activity on month to month allocations based on the 2021 budget. We were disappointed that consensus on the 2022 Unified Budget could not be achieved – on time – in December of last year, and to this day a UB has not been finalized. I would like to underline the importance of concluding a timely, professional budget so that we can continue upholding the principles we all expressed and commitments we all made in the Helsinki Final Act to promote comprehensive security.

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